

## Message Text

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PAGE 01 BRUSSE 05788 231219Z  
ACTION EB-04

INFO OCT-01 SS-14 ISO-00 STRE-00 TRSE-00 LAB-01 AGRE-00  
NSC-05 COME-00 INR-05 CIAE-00 SP-02 /032 W  
-----102095 240028Z /66

R 231215Z MAR 78  
FM AMEMBASSY BRUSSELS  
TO SECSTATE WASHDC 5653  
INFO ALL EC CAPITALS  
USMISSION GENEVA

C O N F I D E N T I A L BRUSSELS 05788

LIMDIS-NOFORN

USEEC

GENEVA FOR MTN

PASS STR ELECTRONICALLY  
PASS TREASURY FOR BERGSTEN, STATE FOR KATZ, BARRACLOUGH,  
LABOR FOR SAMUEL, COMMERCE FOR WEIL, USDA FOR HATHAWAY

E.O.11652:GDS  
TAGS: ETRD, EEC, MTN  
SUBJECT: EC INDUSTRIAL TARIFF OFFER

1. DISCUSSIONS WITH COMMISSION AND MEMBER STATE  
OFFICIALS YIELD THE FOLLOWING INFORMATION:

CURRENT EC COMMISSION PLANS ARE TO OBTAIN A COUNCIL  
DECISION ON APRIL 4 TO ENABLE PRESENTATION OF WITHDRAWALS  
AND REQUESTS FOR ADDITIONAL TARIFF OFFERS IN THE NEAR  
FUTURE. THE WITHDRAWALS WOULD RESULT IN A 31.7 PERCENT  
DEPTH OF CUT FOR THE COMMUNITY WITH RESPECT TO U.S. TRADE,  
SOMEWHAT LESS FOR JAPAN, AND GLOBALLY PERHAPS 33 PERCENT  
(UNCLEAR WHO MAJOR BENEFICIARIES ARE). THE ADDITIONAL  
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PAGE 02 BRUSSE 05788 231219Z

REQUEST LIST ALREADY EXISTS. (NO DETAILS AVAILABLE).  
THE HARD CORE EXCEPTIONS LIST IS NOT YET FINAL BUT IS  
CLOSE TO BEING SO. THE PROPOSAL WILL BE TO HOLD TO THIS  
NUMBER AND AN INTERNAL NEGOTIATION AMONG THE NINE WILL  
ENSUE THAT LEAVES EACH MEMBER STATE WITH PERHAPS 80 PER-  
CENT OF THE ITEMS IT WANTED EXCEPTED CONTAINED IN THE  
EXCEPTIONS LIST.

THE GERMANS, DANES, AND DUTCH, AND IN MOST RESPECTS THE BELGIANS WISH TO LIMIT THE EROSION TO END UP WITH A 35 PERCENT OFFER. THE FRENCH WILL SETTLE FOR 32 PERCENT (WITH THE IDEA THAT DISSATISFACTION WITH THE RESULTS OF THE NEGOTIATIONS WILL RESULT IN FURTHER EROSION TO A 28 TO 30 PERCENT CUT). THE BRITISH WOULD PREFER TO START FROM THE 30 OR BELOW LEVEL NOW AND GO TOWARDS A 25 PERCENT RESULT. THE COMMISSION INTENDS TO HOLD TO THE 32 PERCENT FLOOR AND ONLY ADD NEW EXCEPTIONS AT THE EXPENSE OF ORIGINAL HARD CORE EXCEPTIONS WHICH THEY WOULD REPLACE.

2. THE IDEA OF THE EC MAKING GREATER THAN FORMULA CUTS TO OFFSET PARTIALLY THEIR WITHDRAWALS IS NOT CONTEMPLATED.

THERE WILL BE A SECOND VERY LENGTHY LIST OF CONDITIONAL ITEMS THAT ARE POTENTIAL ITEMS FOR WITHDRAWAL IF CONDITIONS (LINKAGES) ARE NOT ACHIEVED. SOME WILL BE GENERAL (E.G. ACHIEVEMENT OF A SATISFACTORY SAFEGUARDS CLAUSE), OTHERS LINKED TO MORE SPECIFIC FOREIGN CONCESSIONS. THIS LIST WILL NOT BE TABLED BUT SERVE AS GUIDANCE FOR THE COMMISSION NEGOTIATORS.

3. THE BRITISH ARE SEEKING AUTOS AS AN EXCEPTION. THIS HAS NOT BEEN DECIDED YET IN PART BECAUSE U.S. DUTY  
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PAGE 03 BRUSSE 05788 231219Z

ELIMINATION ON AUTOS IS OF INTEREST TO THE GERMANS.

THE FRENCH WOULD GIVE ZERO CREDIT FOR U.S. GREATER THAN FORMULA CUTS, IN LARGE PART FOR TACTICAL REASONS (TO ACHIEVE LOWER AVERAGE RESULT) AND BECAUSE OF THEIR COMPLETE PHILOSOPHIC ATTACHMENT TO THE IDEA OF HARMONIZATION, WITHOUT ANALYSIS OF THE VALUE OF INDIVIDUAL TARIFF REDUCTIONS. MOST OTHER MEMBER STATES ARE ATTRACTED BY SOME OF U.S. GREATER THAN FORMULA OFFERS AND ARE CONCERNED THAT U.S. WILL WITHDRAW THEM IN COURSE OF NEGOTIATIONS.

THE APRIL 4 COUNCIL DECISION IS NOT EXPECTED TO ADDRESS INDIVIDUAL ITEMS FOR EXCEPTIONS, BUT TO SET THE MINIMUM DEPTH OF CUT AND APPROVE THE APPROACH OUTLINED ABOVE. THE MEETING IS EXPECTED TO BE CONTENTIOUS BUT MANAGEABLE TO ACHIEVE THE ABOVE RESULT. MORRIS

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NNN

## Message Attributes

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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** TARIFFS  
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**Decaption Date:** 20 Mar 2014  
**Decaption Note:** 25 YEAR REVIEW  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
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**Review Markings:**  
Sheryl P. Walter  
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